UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-9 September 9, 1937

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# THE WOOL SITUATION

## Summary

The domestic wool situation has not changed materially in the last month, the Bureau of Agricultural Economics reports. Trading in the domestic market was light in August, but prices remained firm. The outlook for the new selling season in the Southern Hemisphere is uncertain at the present time because of the possibility that Japan may not be as active in the Australian market as had been expected. In view of the relatively small supplies in the United States and foreign countries little change is expected in prices of domestic wool during the remainder of 1937.

Consumption of apparel wool by United States mills declined further in July, but total mill consumption for the first 7 months of this year was 11 percent larger than in the same period of 1936 and was the largest for the period since 1923. Although a seasonal increase in consumption is expected to occur in the next few months, mill consumption in the remainder of 1937 is not likely to be so large as in the same months of 1936.

World supplies of wool in 1937-38 are likely to be about the same as in 1936-37, when they were below average. There has been some tendency for mill consumption of wool in several foreign countries to decline in recent months, but the level of mill consumption in foreign countries is still relatively high.

The new wool selling season in the Southern Hemisphere opened at Sydney, Australia, on August 30. Prices at the opening were slightly higher than at the close of the previous season in June, and were 20 to 25 percent above the opening prices of the 1936-37 season but prices declined slightly during the first week of the sales.

## DOMESTIC SITUATION

BACKGROUND - Domestic wool prices advanced sharply in the latter part of 1936 as a result of strong domestic and foreign demand and relatively small supplies of wool in the United States and foreign countries. Prices declined in April and May as the new clip became available in quantity, but the decline was checked in July. Since July, prices have remained relatively steady. Mill consumption in the United States was unusually large in the first quarter of 1937, but has declined gradually in recent months.

### Wool Sales and Prices

Wool prices in the United States remained firm in August. An increase in sales on the Boston wool market occurred in the latter part of July, but was of brief duration. Trading was light in August. Average prices of western combing wools at Boston are now 8 to 12 percent below the February high point, but are about 15 percent higher than a year earlier. With the exception of late 1936 and early 1937, prices are higher than at any time since 1929.

Prices of Ohio country packed fleeces consisting of combing and clothing lengths, 3/8 and 1/4 blood grades, were quoted unchanged in August at 43 cents a pound, in the grease, delivered to eastern markets. Graded Ohio and similar fleeces sold at 40-42 cents in the grease for fine delaine, and at 44 cents for 3/8 blood combing.

Sales of good 12-months' Texas wools and good French combing length fine territory wools in original bags were made in August within a price range of 95-97 cents a pound, scoured basis. Graded territory wools sold in small quantities at 87-90 cents scoured basis for combing 3/8 blood, and at 82-85 cents for combing 1/4 blood.

## Wool Stocks

The supply of apparel wool in the United States on August 1, including all old and new clip wool in all hands, as well as the unshorn portion of the 1937 clip, was estimated by the New York Wool Top Exchange Service to be about 7 percent larger than a year earlier, but about 8 percent below the August 1 average of the last 10 years.

Supplies of wool in the United States since March have exceeded those of last year. The larger supplies have resulted chiefly from the larger imports this year. In June and July, however, they were due in part to a reduction in mill consumption from the 1936 level.

## Wool Imports

United States imports of apparel wool for consumption continued to decrease in July, and for the first time since April 1935 imports were smaller than in the same month of the preceding year. About 5,448,000 pounds of apparel wool were imported in July compared with 9,479,000 pounds in June and 6,895,000 pounds in July 1936. At the peak of the import movement in February of this year imports of such wool were 25,682,000 pounds.

Imports of apparel wool in the first 7 months of 1937 amounted to 126 million pounds, which was 83 percent larger than in the same period of 1936 and was the largest for the period in the past 10 years.

## Mill Consumption

Mill activity in the United States wool manufacturing industry declined sharply in July, continuing the downward movement which began in April. Because of the high rate of activity in the early months of the year, however, total consumption of apparel wool on a scoured basis in the first 7 months of 1937 was 11 percent larger than in the first 7 months of 1936 and was the largest for the 7-month period since 1923. The weekly average consumption of apparel wool for the 5 weeks ended July 31 was 4,102,000 pounds, scoured basis, compared with 5,020,000 pounds in June and 4,957,000 pounds in July 1936.

The consumption of apparel wool in the first 7 months of 1937 was equivalent to 290 million pounds of shorn wool, greasy shorn basis, and about 48 million pounds of pulled wool, greasy pulled basis. Mill consumption on a grease basis in the first 7 months of 1936 was equivalent to 273 million pounds of shorn wool and 46 million pounds of pulled wool.

New business in wool goods continued light in August, according to reports of the New York Wool Top Exchange Service. The new lines of spring fabrics will be shown by mills in September or October, and a seasonal increase in sales of wool goods is expected in the next few months.

## Unfilled Orders for Woven Cloths

Unfilled orders held for men's wear cloths by 138 reporting mills on June 26 exceeded similar orders on the corresponding date in 1936 by nearly 25 percent, according to a recent report by the National Association of Wool Manufacturers. The increase this year was due largely to increased orders for cloth from Government agencies. The Association reports that the figures for this year include almost 5½ million yards for Government orders compared with less than a quarter million yards a year earlier. Unfilled orders for woven cloths, containing by weight over 25 percent of yarns spun on the woolen and worsted systems, were reported as follows:

Unfilled orders for woven cloths, reported by 138 mills, June 27, 1936, March 27 and June 26, 1937

| Date | Men's wear | Women's wear | Auto cloths 1/ | Total |
|---|---|---|---|---|
| | 1,000 linear yards | 1,000 linear yards | 1,000 linear yards | 1,000 linear yards |
| 1936 - | | | | |
| June 27 .... | 26,788 | 10,561 | 1,294 | 38,643 |
| 1937 - | | | | |
| Mar. 27 .... | 58,170 | 12,473 | 2,617 | 73,260 |
| June 26 .... | 33,167 | 12,173 | 1,912 | 47,252 |

Compiled from Monthly Statistics of Wool Manufacture published by the National Association of Wool Manufacturers. Cloth less than 50 inches wide reported in equivalent 54-inch yardage.

1/ Excludes cloths with pile or jacquard design.

## Domestic Outlook

The domestic price outlook for the next few months is somewhat uncertain because of the recent weakness in foreign markets. But with supplies in the United States and foreign countries below average, little change is expected in prices in the remainder of 1937.

In view of the high level of domestic mill consumption since early 1935, it is possible that in the past year there has been an accumulation of finished wool goods in the several channels of trade, and mill consumption in the last half of the year is not likely to be so large as in the same months of 1936.

With prospects for smaller mill consumption in the second half of this year than a year earlier, imports in this period are likely to be considerably smaller than those of the first half of the current year. But even with a smaller domestic consumption in the last half of 1937, supplies of raw wool in this country at the beginning of 1938 will still be relatively small. Consequently, fairly large imports may be necessary in the first half of 1938, although perhaps not so large as in the first 6 months of the present year.

## FOREIGN SITUATION

### Wool Sales and Prices

The 1937-38 selling season in Australia opened at Sydney on August 30, with England and continental European countries the chief buyers. Prices were reported to be unchanged to 5 percent higher compared with the closing sales at Sydney on June 10, and 20 to 25 percent above the opening prices of the 1936-37 season, but opening prices were not fully maintained in the first week of the sales.

About 50,000 bales were available for the first series at Sydney which continued to September 9. Sales were held at Adelaide on September 2 and 3, when 32,000 bales were offered. Prices were slightly irregular. The new selling season in the Union of South Africa will also get under way in September, but in South America and New Zealand the season will not open until October and November.

No public auctions were held at London in August. The next series at that center will begin September 14.

### Manufacturing Activity in Importing Countries

Manufacturing activity in the wool textile industry of the United Kingdom remained generally good during July, although slightly lower than in June. The British Ministry of Labour reports that 10.4 percent of insured workers in the woolen and worsted sections were registered as unemployed on July 26 compared with 8.7 percent on June 21 and 11.3 percent in July 1936. The decline in activity in July was principally in the worsted section of the industry.

Conditions in the wool textile industries of continental European countries remained largely unchanged in July and the early part of August, according to a cable from L. V. Steere of the Berlin office. Mills were relatively active in Belgium, Italy and Germany. Activity in the French industry was irregular as a result of the political situation, and government decrees for the regulation of prices.

### Exports of Southern Hemisphere Wool in 1936-37

The United States has been the largest importer of South American wool thus far in the 1936-37 season, which ends about September 30, and was the fifth largest importer of wool from the British Empire countries of the Southern Hemisphere, where the season closed June 30. Exports to the United States from the five most important countries of the Southern Hemisphere in the 1936-37 season through June 30 totaled 213 million pounds, which was 90 percent more than in the corresponding period of 1935-36. The quantity exported to the United States was only about 12 percent of total exports from these countries, however, which amounted to 1,749 million pounds, or 1 percent more than the quantity exported a year earlier.

Exports from Australia, New Zealand and the Union of South Africa for the season ended June 30, 1937 reached 1,369 million pounds. The United Kingdom and Japan continued to be first and second in order of importance as importers

of this wool, but the quantities taken by these countries were 5 percent and 19 percent smaller, respectively, than the quantities taken in the previous season. Belgium imported as much wool as Japan in the 1936-37 season, with an increase of 42 percent from the amount taken in 1935-36. Germany and Italy were the only other continental countries taking increased amounts. Other countries, including France, showed substantial reductions in imports.

Table 1.- Price of wool per pound in specified markets and prices of textile raw materials in the United States, selected periods, 1935-37

| Market and description | Aver-age 1935 | Aver-age 1936 | 1936 Aug. | 1937 June | 1937 July | 1937 Aug. |
|---|---|---|---|---|---|---|
| | Cents | Cents | Cents | Cents | Cents | Cents |
| Boston: | | | | | | |
| Territory combing, scoured basis- | | | | | | |
| 64s, 70s, 80s (fine) | 74.8 | 92.0 | 89.0 | 102.0 | 102.0 | 102.0 |
| 56s, (3/8 blood) | 63.6 | 80.4 | 75.9 | 88.5 | 88.5 | 88.5 |
| 46s (Low 1/4 blood) | 51.4 | 63.9 | 63.5 | 68.5 | 70.5 | 73.5 |
| United States farm price (15th of month) - | | | | | | |
| Grease basis | 19.4 | 1/26.9 | 27.2 | 31.4 | 31.3 | 31.4 |
| London: 2/ | | | | | | |
| Average quality, clean cost 3/ | | | | | | |
| 70s | 47.5 | 58.4 | 56.5 | 70.4 | 70.4 | |
| 56s | 29.0 | 35.1 | 33.2 | 51.4 | 49.7 | |
| 46s | 18.6 | 23.8 | 25.4 | 44.2 | 44.2 | |
| Bradford: 4/ | | | | | | |
| Scoured basis - | | | | | | |
| 64 warp | 47.7 | 59.8 | 59.7 | 72.0 | 71.5 | 71.7 |
| 50s | 23.2 | 29.7 | 25.2 | 49.4 | 47.7 | 47.8 |
| Southern Hemisphere - | Between seasons - prices not representative | | | | | |
| United States: | | | | | | |
| Textile fibers - | | | | | | |
| Wool, territory fine, scoured basis | 74.8 | 92.0 | 89.0 | 102.0 | 102.0 | 102.0 |
| Cotton, 7/8 Middling 5/ | 11.8 | 11.9 | 12.1 | 12.5 | 12.1 | 10.2 |
| Silk, Japanese 13-15 6/ | 163.3 | 176.6 | 179.1 | 182.7 | 194.0 | |
| Rayon yarn - 150 denier | 57.3 | 58.6 | 60.0 | 63.0 | 63.0 | |

Foreign prices have been converted at prevailing rates of exchange.

1/ Preliminary.
2/ Average of quotations for each series of London sales as reported by the London Office of the Bureau. For months when no sales were held figures are interpolated.
3/ Top and noil in oil.
4/ Quotations reported about the 25th of the month by the London Office of the Bureau.
5/ Average at 10 markets.
6/ 78 percent white, at New York.

Table 2.- United States: Wool imports, consumption and machinery activity, specified periods, 1936 and 1937

| Item | Jan.-July 1936 | Jan.-July 1937 | July 1936 | June 1937 | July 1937 |
|---|---|---|---|---|---|
| | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds | 1,000 pounds |
| Imports for consumption - | | | | | |
| Actual weight 1/ | | | | | |
| Apparel | 68,683 | 126,002 | 6,895 | 9,479 | 5,448 |
| Finer than 40s | 53,432 | 107,816 | 4,568 | 7,851 | 4,520 |
| Not finer than 40s | 15,251 | 18,206 | 2,327 | 1,628 | 928 |
| Carpet, including camels hair | 71,302 | 128,604 | 8,816 | 18,751 | 13,570 |
| Consumption, scoured basis 2/ | | | | | |
| Weekly average - | | | | | |
| Apparel | 5,036 | 3/ 5,605 | 4,957 | 3/ 5,020 | 4,102 |
| Carpet | 1,761 | 3/ 2,541 | 1,812 | 3/ 2,378 | 1,581 |
| Aggregate - | | | | | |
| Apparel | 156,113 | 3/173,751 | 24,785 | 3/20,080 | 20,510 |
| Carpet | 54,586 | 3/ 78,757 | 9,060 | 3/ 9,512 | 7,903 |
| | Percent | Percent | Percent | Percent | Percent |
| Machinery activity 2/ (40-hour shift) - | | | | | |
| Worsted combs | 114.4 | 138.5 | 115.7 | 125.9 | 104.2 |
| Worsted spindles | 75.5 | 98.5 | 74.2 | 90.5 | 70.4 |
| Woolen spindles | 114.6 | 126.4 | 117.7 | 120.2 | 101.6 |
| Looms broad 4/ | 99.9 | 115.0 | 87.4 | 112.2 | 92.5 |
| Looms narrow | 49.1 | 63.3 | 47.3 | 56.6 | 40.5 |
| Carpet and rug looms | 61.0 | 82.7 | 58.7 | 82.1 | 62.6 |

Import figures from official records of the Bureau of Foreign and Domestic Commerce, Consumption and Machinery Activity figures from the Bureau of the Census.

1/ Weight of greasy, scoured and skin wool added together.

2/ Figures for July based on 5 weeks, June on 4 weeks, January to July on 31 weeks. No adjustment made for holidays.

3/ Revised.

4/ Less than 50 inches.

Table 3.-Exports of wool (grease and scoured combined) from Argentina and Uruguay to principal consuming countries, first 9 months, seasons, 1935-36 and 1936-37

| Country of destination | 9 months, Oct. 1 - June 30 | | | | | |
|---|---|---|---|---|---|---|
| | Argentina | | Uruguay | | Total | |
| | 1935-36 | 1936-37 | 1935-36 | 1936-37 | 1935-36 | 1936-37 |
| | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. | Mil. lb. |
| United Kingdom .. | 69.2 | 66.3 | 25.0 | 19.2 | 94.2 | 85.5 |
| Germany ..... | 41.6 | 14.8 | 25.9 | 16.3 | 67.5 | 31.1 |
| France ..... | 49.7 | 32.0 | 8.0 | 5.0 | 57.7 | 37.0 |
| Italy ..... | 8.6 | 24.2 | 6.5 | 8.5 | 15.1 | 32.7 |
| Belgium ..... | 18.4 | 23.0 | 7.3 | 8.1 | 25.7 | 31.1 |
| Netherlands ..... | 1.6 | 0.8 | 2.4 | 1.7 | 4.0 | 2.5 |
| Japan ..... | 1.9 | 20.8 | 3.1 | 26.4 | 5.0 | 47.2 |
| United States ... ) Canada ..... ) | 44.8 | 72.5 | 22.3 | 26.6 | 67.1 | 99.1 |
| Total ..... | 235.8 | 254.4 | 100.5 | 111.8 | 336.3 | 366.2 |
| Other countries .. | 12.8 | 11.9 | 2.7 | 1.9 | 15.5 | 13.8 |
| Grand total ... | 248.6 | 266.3 | 103.2 | 113.7 | 351.8 | 380.0 |

Compiled from reports furnished by American Agricultural Attache' Paul O. Nyhus.

Table 4.-Exports of wool (grease and scoured combined) from Australia, Union of South Africa, and New Zealand to principal consuming countries, seasons 1935-36 and 1936-37

| Country of destination | Season July 1 - June 30 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Australia | | Union of South Africa | | New Zealand | | Total | |
| | 1935-36 | 1936-37 | 1935-36 | 1936-37 | 1935-36 | 1936-37 | 1935-36 | 1936-37 |
| | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. | Mil.lb. |
| United Kingdom .. | 276.3 | 311.2 | 56.9 | 36.5 | 159.9 | 122.2 | 493.1 | 469.9 |
| Option Continent | --- | --- | --- | --- | 25.8 | 32.6 | 25.8 | 32.6 |
| Germany ..... | 31.0 | 44.3 | 43.5 | 44.8 | 3.9 | 8.5 | 78.4 | 97.6 |
| France ..... | 75.5 | 83.6 | 66.6 | 35.2 | 39.9 | 14.1 | 182.0 | 132.9 |
| Italy ..... | 4.7 | 36.5 | 3.0 | 11.5 | 1/ | 1/ | 7.7 | 48.0 |
| Belgium ..... | 113.2 | 136.4 | 22.7 | 22.5 | 14.1 | 9.0 | 150.0 | 213.2 |
| Netherlands ..... | 16.0 | 10.0 | 1/ | 1/ | 1/ | 1/ | 16.0 | 10.0 |
| Japan ..... | 235.7 | 84.5 | 5.7 | 89.2 | 2/23.2 | 2/39.5 | 264.6 | 213.2 |
| United States ... | 25.2 | 74.6 | 3.5 | 4.8 | 16.2 | 34.4 | 44.9 | 113.8 |
| Canada ..... | 2.9 | 4.1 | 1/ | 1/ | 13.4 | 13.6 | 16.3 | 17.7 |
| Total ..... | 780.5 | 785.2 | 201.9 | 244.5 | 296.4 | 273.9 | 1,278.8 | 1,303.6 |
| Other countries .. | 39.2 | 41.5 | 14.2 | 10.7 | 21.5 | 13.2 | 74.9 | 65.4 |
| Grand total ... | 819.7 | 826.7 | 216.1 | 255.2 | 317.9 | 287.1 | 1,353.7 | 1,369.0 |

Compiled as follows: Union of South Africa, Agricultural Attache' C. C. Taylor; Australia and New Zealand, "Wool Intelligence Notes".

1/ Not reported separately, if any, included with "other countries".

2/ In addition 4,700,000 pounds were shipped to Australia in this period of 1935-36 and 1,900,000 pounds in 1936-37 - probably for trans-shipment to Japan.

## WOOL, APPAREL CLASS, SCOURED BASIS: CONSUMPTION BY MILLS, UNITED STATES, 1918-19 TO DATE*

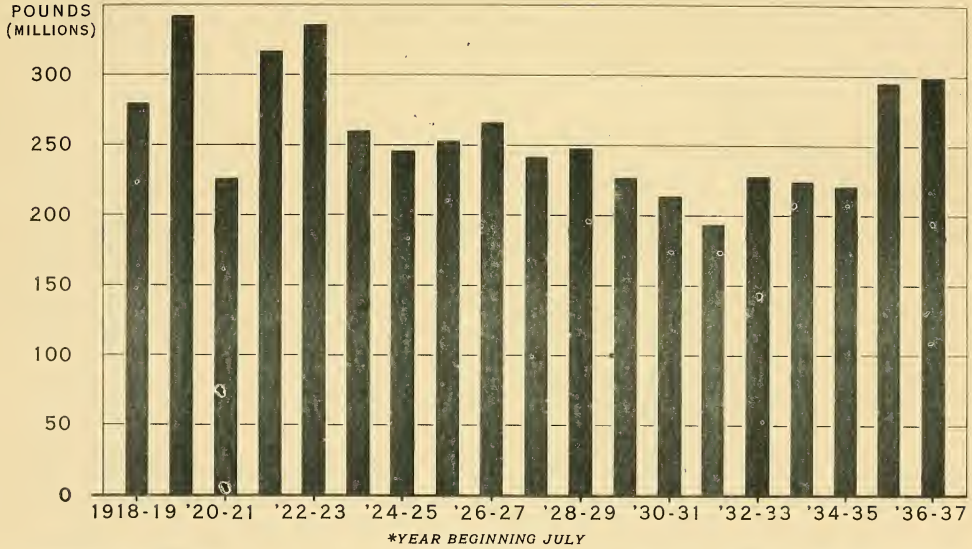


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FIGURE 1

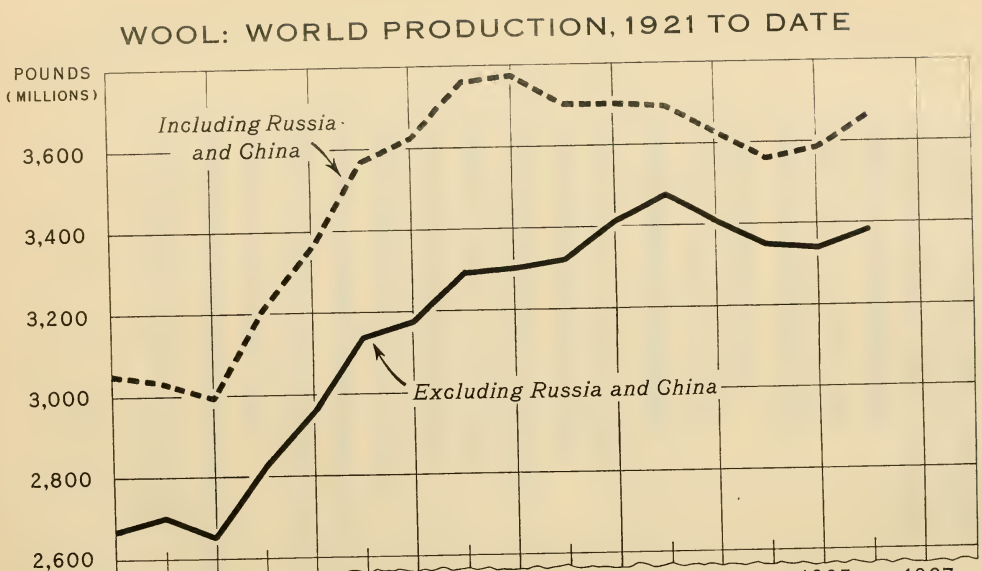


FIGURE 2

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